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CONTENTS

THEATER NUCLEAR FORCES

NETHERLANDS

- Defense Expenditure To Rise Half of NATO Norm
(ALGEMEEN NEDERLANDS PERSBUREAU, 16 Sep 80) 1

COUNTRY SECTION

FRANCE

- Composition of French Army Forces in FRG
(Pierre Darcourt; LE FIGARO, 1 Sep 80) 3
- Thomson-CSF Overseas Contract Successes Noted
(Eric Le Boucher; L'USINE NOUVELLE, 28 Aug 80) 5
- Despite Murder Attempts, Dijoud Says Guadeloupe Situation
Calm
(LE MONDE, 20 Sep 80) 7
- Main Concerns of 1981 Budget: Defense, Investment,
Research
(LE FIGARO, 11 Sep 80) 8
- Briefs
Agreement With CAR 15

GREECE

- PASOK Party Chairman's Speech Analyzed by KODISO Party
(TO VIMA, 9 Sep 80) 16
- Foundation of Social Studies Society Announced
(D. Kapranos; I KATHIMERINI, 9 Sep 80) 18

Tourist Projects on Saronikos Coast Planned (A. Tzortzatos; AKROPOLIS, 5 Sep 80)	21
Investments for Lignite Fuel (I KATHIMERINI, 9 Sep 80)	23
Prime Minister Reports on Local Oil Production (I KATHIMERINI, 9 Sep 80)	25
NETHERLANDS	
Parties Comment on 1981 Budget (ALGEMEEN NEDERLANDS PERSBUREAU, 16 Sep 80)	27
Planning Agency Paints Dismal Picture (ALGEMEEN NEDERLANDS PERSBUREAU, 17 Sep 80)	30
NORWAY	
Labor Party National Committee Argues Prior Storage Issue (ARBEIDERBLADET, various dates)	32
'Not a Debate on NATO', by Pal Nordenborg Gerhardsen Tries To Mediate North To Be Strengthened, by Arne Karstad NATO Support Declining in North, by Pal Nordenborg	
Disarmament Panel Chief Leads Anti-Storage Forces (ARBEIDERBLADET, 13 Sep 80)	43
Ex-CP Chairman Larsen Writes Book on Party (Einar Solvoll; AFTENPOSTEN, 19 Sep 80)	45
Workers Education Union Chairman: NATO Character Changed (Pal Nordenborg; ARBEIDERBLADET, 10 Sep 80)	47
PORTUGAL	
Finance Minister Outlines 1981 Economic, Financial Policies (Anibal Cavaco e Silva Interview; EXPRESSO, 13 Sep 80)	50
TURKEY	
Ozcan Threatens Resignations if RPP-NSP Cooperate (TERCUMAN, 27 Aug 80)	55
RPP Decries Government Information Leaks (MILLIYET, 28 Aug 80)	56
Briefs Ankara Deputy Mayor Resigns	58

DEFENSE EXPENDITURE TO RISE HALF OF NATO NORM

The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 16 Sep 80 p 8

[Text] The Hague, September 16--Defence expenditure in 1981 will rise by a real 1.5% instead of the agreed 3% NATO norm because of the government's economy operation, Defence Minister Pieter de Geus told parliament today.

Presenting his first budget, prepared by his predecessor, Mr William Scholten, Mr De Geus stressed that the lower growth would apply only to this year. The government felt that 3% real growth should continue in the following years.

Nevertheless, Holland would try to raise its actual defence effort. The Leopard-1 tank would be improved, rail flatcars would be procured for faster transport of armoured units and more attention would be given to small anti-aircraft systems operated by infantry. The air force would receive larger numbers of the new F-16 fighters next year.

The army would be the main victim of the economy operation, amounting to 179 millions on an overall defence budget of 11.4 billion plus 29 millions for civil defence. But the minister was unable to detail the exact effects of the economies. He promised parliament would be informed as soon as investment programmes were complete.

The navy and air force gave few opportunities for economising, he said, noting that these two arms would have to put up with a delay in the development of short-range anti-aircraft defence.

Mr De Geus said that Holland's nuclear tasks within NATO would not be fixed.

Defence Plan

The 1981 budget is accompanied by a ten-year defence plan, which will be revised every two years. In the period up to 1991 the navy will get new vessels and aircraft, including a third supply vessel, a command frigate for the Channel escort group, four multi-purpose frigates and a number Lynx helicopters. The navy's personnel strength would be increased.

The air force will start training women as fighter pilots next year, as part of a programme to throw all functions in the armed forces open to both sexes.

A problem was, however, that many physical requirements could not be filled by women and that provision of separate rooms and separate sanitary facilities was difficult.

Mr De Geus said the Defence Affairs Advisory Council (ADA) was making a study of the future composition of units for service with United Nations peace-keeping forces, which he said demanded a great effort on the part of the army.

The battalion now serving with Unifil in southern Lebanon was 800 strong at the moment and was made up almost entirely of volunteers, serving an average six-month term in the Middle East.

The minister noted that the Unifil mandate expired in December when it could be extended by six months. He said the government would continue to consult parliament whenever extension was considered.

The budget provides for an increase of the royal constabulary (marechaussee) corps by 50 men in view of the protection of Queen Beatrix' two palaces in The Hague.

Constabulary assistance for the protection of embassies in The Hague would be regulated differently. The brigade would be split up into one section for police duties and one for protection.

CSO: 3120

COMPOSITION OF FRENCH ARMY FORCES IN FRG

Paris LE FIGARO in French 1 Sep 80 p 4

[Article by Pierre Darcourt: "French Forces in Germany: 50,000 Men as Advance Guard of Our Defensive System"]

[Text] Baden-Baden, with its clean streets, flower-decked houses, hot springs, heated swimming pools, parks, casinos and boutiques is a haven of luxury and peace ensconced in the Black Forest which surrounds the city with ancient pines and seems to cut it off from the rest of the world. The French Forces in Germany (FFA) have their headquarters in the heart of this "city of billionaires." The FFA are under the command of General Brasart and constitute the spearhead of our field forces.

The De Lattre de Tassigny Barracks are in no way reminiscent of the pomp and bustle of the "King Jean" [Marshal De Lattre de Tassigny] era, or of General Massu's exacting operational requirements, ostentation, and outbursts, all of which so deeply impressed German generals and senior officers that they still very frequently mention these two distinguished military leaders in their conversations. The FFA headquarters is strikingly austere in appearance with its formal row of grey buildings fronting on sparse plots of grass. The rather drab and, in many cases, dilapidated offices surprise the visitor. Nevertheless, FFA officers, noncommissioned officers, and enlisted men work efficiently and without complaining.

The French Army's II Corps encompasses all of the FFA. It is deployed within a portion of German territory shaped like an hour glass and extending over an area of slightly more than 20,000 square kilometers. The three cities at the top, center, and bottom of this hour glass are Trier, Landau, and Freiburg respectively. In 1955, pursuant to the Paris Agreements terminating the occupation regime, allied forces stationed in Germany became foreign forces based on the territory of an independent and sovereign state.

Since our withdrawal from NATO, the maintenance of French troops in Germany has been governed by a 1966 bilateral agreement between Paris and Bonn. France's participation in the defense of Europe consists essentially of II Corps which is organized into three armored divisions, an engineer regiment,

a combat helicopter regiment, two nuclear Pluton [missile] artillery regiments (stationed in France), two field artillery regiments, and four surface-to-air missile regiments. II Corps has a total of 50,000 men, 9,700 armored vehicles, nearly 20,000 wheeled vehicles, and some 100 helicopters. Training is intensive and includes periods spent in special training camps, field maneuvers in the rain and snow, commando training courses, and frequent river crossing exercises by tanks employed in an amphibious mode or using the Gilois self-propelled assault bridge.

Against the Soviet Steam-Roller

Each year, one out of every six draftees serves in Germany. Some 38,000 draftees thus constitute, by rotation, a very large majority of the personnel assigned to II Corps' organic units. The quality of their instruction and training is such that these draftees can be assigned to key positions: tank driver, gunner, or radio operator; operators of highly sophisticated engineer, signal, or electronic warfare equipment; antitank missile or surface-to-air missile crewmen; and divers employed in river crossing operations.

Although the FFA is a well-knit organization led by experienced and competent officers, are there equipment shortages within its combat units? Its armored reconnaissance vehicles (EBR) have an essential combat role, but are 30 years old. The new automatic assault rifle (FAMAS) has not yet been issued to any II Corps unit. Replacement of the EBR's and issue of the FAMAS are scheduled for next year.

Are the FFA capable of reacting in timely and fully effective fashion in a crisis situation? Evaluation of such operational readiness depends on the deployment of a logistical brigade which takes 2 to 3 days. In the event of war, France would, of course, not be alone. Fourteen member nations of the Alliance would go into action. The fact remains, however, that some 200 hundred kilometers from our zone of deployment there are 41 Soviet and Warsaw Pact divisions massed in the GDR and Czechoslovakia. These divisions could be sweeping forward into allied defensive positions within 24 hours after issuance of the order to attack. To illustrate their offensive capability, one need only note that a Soviet tank division has two and half times more tanks than one of our armored divisions. Hence our corps and divisions forced into a massive tank battle would have little chance of containing the tidal wave of panzers surging from the East.

Only the neutron bomb would have the power to stop dead in its tracks this Soviet steam-roller of fire and steel that could crush our zone in a few hours if the German and allied lines were to crack.

8041

CSO: 3100

THOMSON-CSF OVERSEAS CONTRACT SUCSESSES NOTED

Paris L'USINE NOUVELLE in French 28 Aug 80 p 33

[Article by Eric Le Boucher: "Thomson: Long Live the Military"]

[Text] A military contract for electronic parts worth four billion francs is said to have been won by Thomson-CSF in Iraq. This proves the success of the French group in this area. Conversely, in Egypt Thomson will supply telephone exchanges under ITT license. Its own range of products is still not ready.

It was the British who let the cat out of the bag: Disappointed by the loss of a market, by the fault of the insufficient assistance on the part of Mrs Thatcher's government, the company claims--that Plessey, the British company, revealed that an Iraqi contract for about four billion francs was to be awarded to the French. Apparently, the contract dealt essentially with military items which Paris would have obviously preferred to keep secret considering the current context of Franco-Iraqi relations, for France has already been charged by some international and national circles with having "given" Bagdad the atom bomb.

The new Iraqi contract, spread over 3 to 4 years, is said to involve the installation and modernization of a defense infrastructure (with, among others, deliveries of radar and radio communications equipment), and, above all, the development of a local electronic industry for military and civilian purposes. For a number of years Iraq has been wanting such a technological transfer.

This important contract is said to have been awarded to a number of companies, mainly to the Thomson-CSF. This would not be the first operation of this group which is already doing extensive business with Iraq in various areas: ground stations (two have already been delivered), television (in 1977 Iraq adopted the French Socam system), radiobroadcasting (broadcasting stations), or aviation (Thomson installed the air control system of Bagdad's civilian airport). In the military area, Thomson has taken part, in particular, in installing the electronic equipment for the F1 Mirages sold by Dassault.

The civilian sectors are not making the type of progress that the group leaders, as well as the authorities, have wanted for a number of years. The "civilian" is far behind the military in terms of profitability; it is facing international competition for which the group is unprepared and which entails for Thomson technological "mishaps."

This is confirmed by the contract for exports of telecommunications materials to Egypt, announced in September 1979. It will involve the delivery of space-type exchanges (Metaconta 11 F, developed by the American ITT and its French branch LMT, since then repurchased by Thomson). This is a surprise to the extent to which the contract was won, together with Siemens, provisional MT material. The Egyptians are said to have finally adopted this solution for reasons of maintenance and insufficient training of local personnel in electronics. Nothing in the offer goes beyond 2 years, whereas the basic agreement (totaling eight billion francs) would be spread over a number of years. Actually, everything will become clear when the MT range will become entirely ready.

The MT is several months behind and the engineers are still faced with unresolved logistic problems. For Thomson this is a very expensive delay, not considering the fact that some countries (such as Greece) are less conciliatory than Egypt and are claiming penalties....

5157

CSO: 3100

DESPITE MURDER ATTEMPTS, DIJOU D SAYS GUADELOUPE SITUATION CALM

Paris LE MONDE in French 20 Sep 80 p 11

[Article: "Dijoud Says Situation in Guadeloupe Is Perfectly Calm"]

[Text] In an interview broadcast over radio station Europe 1 on Thursday 18 September, Paul Dijoud, secretary of state for overseas departments and territories, said the situation in Guadeloupe "is perfectly calm" despite the various acts of terrorism committed in the island since March. Dijoud explained: "There are in Guadeloupe, like everywhere else, small groups of terrorists. This is, unfortunately, one of the problems of our times, and the French Government is taking action to cope with this kind of flare-up which is still of limited scope. We have no tangible evidence of foreign interventions in our overseas departments, but we are convinced that these small isolated groups may have been formed or trained elsewhere and are acting in collusion with certain other parties."

As he announced several days ago, Dijoud will visit Martinique on Monday 22 September and Guadeloupe on Wednesday 24 September to review with local elected officials and business leaders what is being done to implement measures approved for the repair of damage caused by the recent hurricane Allen.

Lucien Bernier (left-of-center), president of the Guadeloupe general council, said he personally believed the acts of terrorism for which the Armed Liberation Group (GLA) claimed responsibility, "are isolated actions that can in no way alter the policy line followed by Guadeloupe which is part of a democratic system within which the people are regularly entitled to express themselves." On the other hand, the Guadeloupe Communist Party views these acts of terrorism as "provocations instigated by the French authorities for the purpose of justifying repressive measures."

8041

CSO: 3100

MAIN CONCERNS OF 1981 BUDGET: DEFENSE, INVESTMENT, RESEARCH

Paris LE FIGARO in French 11 Sep 80 pp 1, 6

[Article: "A Padded Budget"]

[Text] The council of ministers yesterday adopted the proposed 1981 budget. According to the chief of state, this bill shows a desire "to maintain the nation's productive activity and to ensure the stability of our currency."

The major outlines of the 1981 finance bill are given below.

In fiscal terms, this bill is not neutral, for only the lowest income levels (the first four brackets of the scale) receive complete indexing. For the other brackets, indexing is limited. Some special attention is being given to favor large families.

The state will make requests of its taxpayers, but it is also setting an example by limiting the creation of government jobs and by restricting financial aid to national enterprises, while at the same time strongly cutting back on public spending.

In short, this is a padded budget, but one which still has four major priorities: national defense, investment, research, and support for the family.

Support for business activity and currency stability. From the economic point of view, these are the two major goals of the budget bill, as summarized by the president.

The Major Outlines of the 1981 Budget

Government Accounts

Spending: 611.4 billion francs

Revenue: 586 billion francs

Reserves: 6.5 billion francs listed as discretionary funds
[to stimulate or cool down the economy].

Including spending to be repaid, there remains a deficit of 29.4 billion francs. Expenses are increasing by 14.6 percent, and revenues by 17.7 percent.

The Government and the Taxpayer

1. Income tax. Expansion of the income brackets on the scale (13.3 percent for the first four brackets, 12 percent for the next seven brackets, and 8 percent for the last bracket).
2. Families with three or more children. Starting in 1982 they will receive a half-portion of the family allotment in addition.
3. Vehicle stamp tax. Rate unchanged.
4. Alcoholic beverages. Higher taxes.
5. Tobacco. Increased between 10 to 13 percent.

For 5.2 million taxpayers, the enlargement of the income brackets of the scale will stabilize their tax pressure. An additional 9 million taxpayers will have their tax burden slightly increased.

The tax increase on alcoholic beverages is in response to a directive of the European Community. Fruit and wine-based alcoholic beverages, such as cognac and calvados, are heavily taxed.

The Government and Business

1. Aid to investment. Possibility of deducting 10 percent of expenses for 5 years.
2. Higher taxes for oil companies.

3. Limitation of financial aid to government-run enterprises.

The government is giving up 5 billion francs in revenue in order to support investment. It will recover 2 billion of this by modifying the tax rate on oil companies.

Of the two objectives cited, support for business activity and currency stability, the provisions announced will certainly do a great deal for the second goal. In our present situation, in which the level of unemployment is causing a great deal of spending for unemployment compensation benefits, plus a decline in tax revenue received by the government, a deficit under 30 billion, which would have seemed enormous just 3 years ago, today seems to be an ambitious goal. In absolute value, this is a figure lower than in the 1980 budget (31.2 billion) and in real value (that is, adjusted for inflation), it is a 1/6 reduction. To the extent that the deficit is at least partially a source of money creation, this effort of austerity will be welcomed by financial circles. With a deficit equal to 0.95 percent of its gross domestic product, France will be doing better in this area than all the other major industrialized nations.

If, as it appears probable today, the execution of the 1980 budget has only a slight slippage in relation to the deficit announced last autumn (the final figure should not exceed 35 billion), the government may hope that the deficit announced for 1981 will be considered credible. The effort to cut back on public spending, which is to hold the budget in line, is certainly impressive.

Concerning the first objective, support for business activity, support is the right term for this is quite far from any stimulation program. The general raising of the scale of income tax brackets will only increase the tax pressure very slightly, and so will not halt consumption. And tax aid to investment may help to accelerate this other motivating factor in demand. But how much and when? Those questions have not been answered. The hypothesis of growth associated with this bill, which is termed "deliberately cautious" by Mr Papon, is quite low: 1.6 percent. But Mr Papon also says that the goal is to reach 2.2 percent. The president is even more clear on this point. But still no convincing explanation has been offered of the way in which the measures stipulated in the budget will enable us to move from one rate of growth to the other.

Even if we did reach the figure of 2.2 percent, what will the level of unemployment be then? No figure is suggested. Nowhere does employment seem to be an objective. Rarely have the plan and the budget appeared to be so much in contradiction.

Revenues: Your Taxes

A Slight Increase

The limits of the first four brackets of the income scale are being raised by 13.3 percent (the same as the price rise expected for 1980). The limits of the next seven brackets are being raised by 12 percent, and the lower limit of the last bracket, by 8 percent.

Contrary to what has been written so often in the last few days, it is unfortunately not true that you will not pay more next year than this year. If your income increases, you will naturally pay more. If your income increases exactly as much as prices and if you have a modest income, you will pay the same proportion of taxes as this year. If you have an average income or a high income, you will pay proportionately a little more.

This is shown by two examples (single person and married with two children) in the tax pressure tables (the tax pressure is the ratio between taxes paid and income).

In all, 5.2 million taxpayers will have no increase in their tax pressure.

9.2 million (the great majority), whose income does not exceed the limit of the 12th bracket, will be affected by the 12 percent raise. This will cause an average increase in their tax bill of 57 francs.

Then, the 8 percent raise in the last bracket will only affect 100,000 taxpayers. For them this will mean an increase in their tax bill of an average of 620 francs.

Exemptions and Deductions

Here too the limits have been raised by 13.3 percent.

Net taxable income will only be taxed above 21,100 francs a year for taxpayers under the age of 65 (this figure is

now 18,000 francs) and above 23,000 francs for taxpayers over 65 (compared with 20,300 francs now).

The deduction allowed persons over 65 or persons who are disabled is being raised from 4,080 francs to 4,630 francs for incomes under 26,200 francs and from 2,040 francs to 2,315 francs for taxable incomes between 26,200 and 40,800 francs. [Tr Note: The original is quite illegible in this section; these figures may not be entirely accurate].

The deduction for persons with modest incomes receiving a family allotment is being increased from 2,400 francs to 2,720 francs. This is given to taxpayers whose income consists essentially of wages and salaries and does not exceed 20,680 francs (after deduction of job-related expenses and the 20 percent deduction).

There is an increase in the limits of business volume within which members of management organizations, qualifying associations, etc. may benefit from tax advantages resulting from their membership in such associations.

For industrial, commercial, artisanal and agricultural enterprises, this limit is being increased from 1,915,000 to 2,165,000 francs; for service industries, it is being increased from 577,000 to 652,000 francs; and for the liberal professions, it is being increased from 672,000 to 760,000 francs.

Tax Incentives for Investment

From an economic standpoint, this is the main innovation in the proposed budget. The new system will enable all industrial, commercial, and artisanal enterprises taxed at the real rate to deduct from their taxable earnings 10 percent of their productive investments for the year. This provision will take effect on 1 October and will remain in effect until 31 December 1985. It will cost the government approximately 5 billion in its first year.

Since July 1979, a mechanism less favorable to business has enabled businesses to deduct from their earnings a sum equal to 10 percent of the increase in their investments made during the year, in relation to the preceding year.

Banks and insurance companies whose investments are primarily of an administrative nature, as well as companies primarily dealing in real estate, are not eligible for the new system.

Double Increase for Alcoholic Beverages

The increase in taxes paid on alcohol will give the government 1.4 billion francs in additional revenue. But the increases are to go into effect in two stages. In the first phase, the finance bill calls for modifying the tax scale. This is a significant innovation which will directly affect French brandies.

The Court of Justice of the European Community recently ruled against France for its discriminatory practices, accusing it of penalizing whisky, for example. It established the principle of a uniform taxation based on the alcoholic content of alcoholic beverages produced from grains and alcoholic beverages produced from fruits. Taxes on the fruit-based beverages will be increased. Therefore, taxes paid on cognac, armagnac, calvados, white alcoholic beverages, Cointreau, Grand Marnier, and Marie Brizard, which were 5.125 francs per hectoliter of pure alcohol, will be increased to 7.655 [?] francs, the same rate that is paid for whisky. This is an increase of over 40 percent.

There will also be just as big an increase on the taxes paid on other alcoholic aperitifs (Suze, Picon). To put an end to the relative tax advantage enjoyed by "appellation d'origine controlee" wine products, essentially port wines, the tax rate has been brought into line with the rate on wine-based aperitifs.

But after this provision takes effect, a second increase will take effect starting on 1 February 1981. Indirect taxes on alcohol-based products will receive a uniform increase of 9.5 percent (following the 20 percent increase last year). Circulation taxes on wines will be increased by 50 percent.

"The principle of this increase," states the finance bill, "responds to the intention to combat the particularly damaging consequences of alcoholism on our public health, and also to help the equilibrium of the social security system. It also follows the recommendations of the working group on alcoholism chaired by Professor Jean Bernard."

Oil Tax Reform

The oil companies, like all commercial and industrial concerns, were subject to the 50 percent tax on profits.

However, the base of the tax was reduced by the possibility the oil companies had to make use of an oil depletion provision in drawing up their balance sheets.

The oil depletion provision has now been redesigned.

1. The period for use of this provision has been reduced from 5 years to 1 year.
2. The deduction for amortization of investments made under this provision is, for accounting purposes, canceled by reintegration procedures.

However, there has been established an exemption from reintegration for 40 percent of the investments made for 5 years for research made abroad, and 80 percent of the investments made for 10 years for research either in France itself or in the DOM-TOM [Overseas Departments and Territories].

Thus, public aid is being limited respectively to 20 percent and 40 percent of the cost of investments during the period.

From these two measures, the government will take in 1.3 billion francs in revenue in 1981.

The royalty payments for mines have also been increased.

For mines worked before 1 January 1980 there is an increase of eight points in the rates of the different brackets of the royalty scale applicable to petroleum, and a quadrupling of the scale applicable to gas.

There is no increase for new production.

The net product for the government is 652 million francs.

Auto stamp fees. There is no increase. Automobile drivers will pay in November 1980 a stamp fee that has increased from 16.6 percent to 33.3 percent, based on the power of their vehicle in relation to 1979. But after this sizeable increase, the finance law for 1981 includes no other supplemental increase.

7679

CSO: 3100

BRIEFS

AGREEMENT WITH CAR--France and the Central African Republic have signed new agreements for the development of the Bouar air base in the CAR. Numerous French soldiers who were in Chad are now stationed at the base. Some Jaguar aircraft may soon be based there. [Text] [Paris LE POINT in French 22 Sep 80 p 68]

CSO: 3100

PASOK PARTY CHAIRMAN'S SPEECH ANALYZED BY KODISO PARTY

Athens TO VIMA in Greek 9 Sep 80 p 6

[Text] The KODISO [Democratic Socialist Party], referring to the speech made by PASOK [Panhellenic Socialist Movement] President A. Papandreou in N. Filadelfeia, made the following comments:

A. The principal message which Papandreou wished to convey is that PASOK will win in the coming elections. But even though he denounced the "electoral systems-machinations" through which the right is kept in power, he said nothing about the right's electoral law in force. He thus strengthened the impression that, in effect, this issue which directly relates to change is a silent agreement between today's largest parties.

B. The PASOK president correctly noted the significance which the organization of workers in an "autonomous, non-partisan, untutored body" holds for the issue of change. Unfortunately, PASOK's party activity moves in the opposite direction and devitalizes an inalienable element of democratic socialism.

C. Papandreou, as is his custom, supported various viewpoints, apparently to satisfy various tendencies. More indicatively, on the EEC issue, as it now appears more clearly, the PASOK president's viewpoints were shown to be inaccurate and his maneuvers are characterized by inconsistency:

1. In November 1977, during the pre-electoral period, speaking about Greece's entry into the EEC, he said, using a macabre characterization, that the supporters of the entry "bear the distended corpse of EEC because...they know that today there is no prospect of our country's entry" (TO VIMA, 1 November 1977). He now acknowledges that the entry is a reality to which PASOK is obligated to conform (TO VIMA, 20 August 1980).

2. In 1979, when Greece's entry into the EEC was about to be ratified by the Chamber of Deputies, the PASOK president did not officially ask the president of the republic for a referendum to be held. It would have made sense for the proposal to have been made formally then instead of being proclaimed every time in the future.

3. In his letter of 12 March 1980 to the president of the Socialist Group in the European Parliament, Papandreu announced that the PASOK Executive Office had unanimously decided that PASOK should participate in the European Parliament's Socialist Group. His letter said nothing about PASOK's intention to seek, through referendum, nullification of the entry, which certainly is tantamount to thwarting the participation of Greek deputies in the European Parliament.

4. It was promised to Spanish and Portuguese socialists that PASOK will support in the European Parliament the request for entry of their countries into the EEC. But how will this promise be realized as long as PASOK seeks a "special agreement" for Greece with the EEC which means annulment of Greek participation in European organs?

5. The special agreement with the EEC proposed by PASOK is related to the special relationship which Yugoslavia maintains. If the president of PASOK aims at a community arrangement analogous to that of Yugoslavia, this is another matter entirely which must be clearly explained. But also in such a case, it must not be ignored that, according to official estimations of the Yugoslav leadership, Yugoslavia's special relationship with the EEC presents great difficulties.

One thing is certain: On this national issue, whose cruciality not even Papandreu denies, retractions and ambiguity do not serve the country well.

9247

CSO: 4908

FOUNDATION OF SOCIAL STUDIES SOCIETY ANNOUNCED

Athens I KATHIMERINI in Greek 9 Sep 80 p 7

[Article by D. Kapranos: "Greek Social Scientists Confront Serious Problems"]

[Text] The Greek Social Sciences Society [EEKKE] has been established, its principal purpose being to promote social sciences in our country. The newly-formed society has already acquired its first administrative council and is being prepared for its great campaign on the huge field of action offered by the nature of the sciences which its members serve. Moreover, included in the society's goals are: submission to the appropriate government agencies of proposals for the more efficient organization of our social and political institutions; an effort for the recording and professional exploitation of Greece's social scientists, as well as their contact and communication with their colleagues abroad; professional safeguarding of the various specialties and specific scientists in the area of the social sciences; and the social scientists' syndicalist presence and activity for their scientific and professional development.

Professor Pandazis Terlexis was elected president of EEKE. He spoke to I KATHIMERINI about the newly-formed society and its future:

We would say that, in the area of social sciences, strong tendencies for creation of professional groups have not been manifested until now. The very general exploratory area which is covered by the sciences is still fluid. The idea of the "professional researcher" is not yet developed in our country as it is in other countries. Certainly, the basic professions in Greece--doctors, lawyers, teachers, professors, engineers--have succeeded in creating strong professional organizations. On the other hand, the relatively new sciences, like sociology, political science, psychology, anthropology, and even economics, have not been able to form corresponding professional associations. The problems which persons who work in these areas are confronting and will confront are increasing and will be increasing. This is because the social sciences are entering more and more into the life of modern man. So it was time for creation of an

organization with primarily professional and syndicalist targets--with a goal, that is, of safeguarding wherever possible the interests of scientists who are today housed under the title "social sciences." It would be good if organized societies existed for each social science. The psychologists, economists, etc. have actually moved in this direction. Since, however, at this moment there are probably not many scientists in each of these specialties, and since many of the problems occupying the people operating in these sciences are common, we considered it useful in the first phase to create a society of scientists from all the social branches which could later take on a more specialized form.

The Problems

Several of the problems occupying EEKE are:

What is the role of the social sciences in our country? How can these sciences be exploited in the best way?

What is the social researcher, how does he find work and how is he paid?

How can certain legal regulations be improved so that opportunity can be given to scientists in new branches to man services in the administration, research centers, public services, etc.?

In what way could Greek scientists abroad contribute to confronting many of the problems which Greece faces today? That is, aside from scientific up-dating and communication of Greek scientists with Greek scientists abroad, there are professional issues, problems of "livelihood," to which the society is determined to give answers.

Our purpose is to address ourselves to all these social scientists and, on these bases, to attempt to persuade both the Greek Government and Greek society that exploitation of all these individuals will offer much to all of us.

At this moment there is a quarterly periodical entitled "Social Sciences Review" through which the society expresses its viewpoints and communicates with all its members in Greece and abroad. There are approximately 40 founding members of EEKE and all hold post-graduate degrees. For the immediate future, we are planning public meetings and discussions on issues which are of interest professionally to social scientists and other activities.

Scientific Level

We point out that Greek scientists living here or abroad who have at least a post-graduate diploma in social sciences at the masters or DES level, or are in the final stages of completing their doctoral dissertation, can become members of EEKE. By exception, and by decision of

the Administrative Council, the post-graduate diploma is not a prerequisite for registration as long as the candidate has done writing or research in the social sciences.

The EEKE treasurer, a psychologist and maitre of the University of Paris in Nanterre, stresses the following:

"I would like to particularly note the covering of a specific deficiency by part of our society--that is, the re-establishment of communication among the "social professions" whose social contribution to our country is so underestimated. EEKE, achieving this communication, promotes the need for putting social scientists in top positions in public services and other organizations. Our members are continually and closely co-operating with the Public Administration, whose support we aim at. This cooperation of ours both with the Public Administration and with other agencies is being developed to a clearly scientific level. It would not be hyperbole if I end with the statement that the activity which we have developed up to now and the results which we have achieved are inversely proportionate to the relatively little time we have existed as a group...."

The EEKE Administrative Council is composed of: P. Terlexis, president; P. Papagaryfallou, vice-president; T. Doukeri, general secretary; D. Boukouras, treasurer and S. Kastoras, G. Critzalis and N. Fakiolas, councilors.

From conversations with EEKE members, we have concluded that the society's founding has no relation to the usually "narrow" goals of scientific syndicalist organizations. The social scientists are taught ways of contributing to the social whole. Scientists of the type who are today held in high esteem in Europe are continually increasing in Greece. United under the roof of EEKE, they will offer their coordinated talents and it is certain that the one benefiting will be Greek society which, with its "europeanization," needs today and will need even more tomorrow the social scientists who are misconceived by the whole of Greek society.

9247

CSO: 4908

TOURIST PROJECTS ON SARONIKOS COAST PLANNED

Athens AKROPOLIS in Greek 5 Sep 80 p 3

[Article by A. Tzortzatos]

[Text] The EOT [Greek Tourist Organization] is planning a complex development scheme for tourism along the Saronikos Gulf coast, with 11 major projects, which will be a combination of service to foreign tourism and to residents of extensive surrounding areas, as well as to the population of the capital.

Specifically, with the tourist units and hotels which have been built or are going to be built in this area and with the projects which are being executed now, the Saronikos coast is developing into a major gateway for Greek tourism and at the same time into a major greenery and recreation area for the residents of the capital.

These projects on the coast of the Saronikos, which are being carried out by the EOT and by other State agencies, were visited yesterday by the general secretary of the EOT, Sp. Amourgis, accompanied by departmental figures. While there, he gave information to representatives of the press about the various stages of construction of these projects.

More specifically, these projects extend from Mikrolimano to Anavyssos, and include the following:

The New Projects

1. The area from Delfinario to the Kifisos River will serve to hold "Palais de Sport" facilities and a convention center.
2. The Kifisos will be extended 600 meters out into the sea and will thus provide a maximum discharge of wastes of 1,200 cubic meters per second.
3. From the Kifisos to the old port near the buoys of the Faliridon Delta, a green belt will be created parallel to the avenue running there. The length of this section is 1,800 meters, and it is expected to be developed into a park and sports fields.

4. In the area of Floisvon, a park will be created having a total area of 350 stremmas. This area is bounded by the large "marina" of the same name for yacht-type vessels there, which is expected to be used for cruise boats. Of the above area, 18 stremmas will be used for the creation of a small stadium arena and a swimming pool.

Also, another 18 stremmas will be used to build a large and luxurious hotel unit at the "Rizareios" School.

The areas from the Kifisos to Floisvon, together with the grounds of the Hippodrome, will constitute a unit and will be developed eventually into a recreational park whose area will be six times larger than that of the National Gardens.

Bathing Beach and Hippodrome

5. In the area of Alimos, the development of lawns around the "marina," which is expected to include eventually a refitting center.

6. At Anavyssos, at the 49th kilometer, the structure is being built for the Tourist Trades School, which will operate in the winter as an educational establishment and in the summer as a hotel, with a capacity of 200 beds.

It is below this, in the area of the old salt marshes, that the facilities of the Hippodrome will be moved. This will operate on an area of 600 stremmas. Approximately in a circle around the Hippodrome, a large golf course will be created. Along the Anavyssos seaside, a large tourist beach run by the EOT is expected to be created.

Finally, it is stated that in the golfing area, the means have been created for the construction of residential units housed in small buildings, and it is anticipated that an investment proposal will be submitted on this.

12114

CSO: 4908

INVESTMENTS FOR LIGNITE FUEL

Athens I KATHIMERINI in Greek 9 Sep 80 p 1

[Text] The installed power of the DEI [Public Power Corporation] at the Ptolemais site will go to 4,500 megawatts from the 1,250 megawatts which it is today, while the production of lignite in the same area will go from an expected 21 million tons in 1980 to 42 million tons in 1985 and to 55 million tons in 1989.

These things were announced yesterday by the governor of the DEI, P. Moysis, at the Ptolemais Power Center, following a conference which was held there under the chairmanship of Minister of Industry and Energy S. Manos. At this meeting, the program for DEI projects over the next 10 years was also explained. These projects, as Moysis stated, will cost 268 billion drachmas.

Moysis also stated that the use of liquid fuels for the production of electric power, which will come to 1.8 million tons in 1980, will be decreased gradually so that by the end of the 10-year period it will be limited to 200,000 tons annually.

Mr Moysis also referred to the new deposits of lignite which have been found in the area of Vevi, which amount to 100 million tons according to calculations.

The governor of the DEI referred also to the hydroelectric projects of Sfikia and Asomata which are being carried out near the lignite-bearing area of Ptolemais, and the Polyfyton irrigation project, which will irrigate large areas of the region which has now been restored to agricultural cultivation by the DEI.

With these projects, added Moysis, new opportunities for employment are provided, not only to the residents of the nome of Kozani but also to the people in the two frontier nomes of Grevena and Florina.

Moreover, in order to realize the DEI's objectives and also for the sake of the advancement of these border areas, the DEI's governor stated that it will establish a School for the Accelerated Training of Electricians

of Overhead and Underground Lines at Porina, which will be equal in standing to the DEI's similar school in Athens.

After the meeting, Minister of Industry and Energy Manos, accompanied by the governor of the DEI, Moysis, and the deputy governor, Dallas, visited and inspected the entire complex of the DEI's power center in Ptolemais, as well as the new lignite deposit in the area of Amyndaion.

12114

CEO: 4908

PRIME MINISTER REPORTS ON LOCAL OIL PRODUCTION

Athens I KATHIMERINI in Greek 9 Sep 80 pp 1, 3

[Text] Salonica--"Our optimistic forecasts that we will have the first Greek petroleum in the spring are being confirmed."

This statement was made by Premier G. Rallis in the course of his afternoon visit the day before yesterday to the oil-pumping platform in the sea area of Prinos-Thasos.

Rallis went to the floating drilling rig by helicopter, accompanied by Minister of Coordination Boutos and Minister of Industry and Energy Manos, the head of the DEP (Public Petroleum Corporation), Prof Konofagos, and the head of the DEI (Public Power Corporation), Moysis.

At the drilling rig Prinos 1, which is located on the platform "A," the premier was briefed by the managing director and general manager of the DEP, Prof Zakhos, and appropriate departmental figures on the progress of the work on pumping oil from the Prinos deposit.

The Prinos Deposit

It was stated to the premier that:

1. The Prinos deposit will meet about 13 percent of our country's needs for petroleum--which means that foreign exchange on the order of \$400 million will be saved each year. Daily production will come to 25,000 barrels during the first 10 years of working the deposit. Studies are being made on making a new drilling at a greater depth in the same area, because it is possible that another deposit also exists under the one which has already been discovered.

The deposit being worked has an area of 5,000 square kilometers and a thickness of 150 meters, and the petroleum is located in a porous rock. Of the amount of oil contained here, approximately one third will be pumped out eventually.

2. The construction is fully under way on all the facilities both in the sea and on dry land, the total cost of which will come to \$370 million, and this construction is expected to be completed in March. Also to be

completed soon is the laying of the pipeline for conveying the oil from the deposit to the desulfurization facilities which are being built at Nea Karvali. The laying of the pipes is being done with the use of a special ship, by Greek working parties. The total length of the pipeline is 18 kilometers. Each pipe has a diameter of 8 inches and is covered with asphalt and cement. The laying of the pipe to the center is being done beneath the sea bed.

3. For the pumping out of the oil, 10 production drillings in the sea and 8 water priming drillings will be made, and of these 11 have already been effected.

4. Of the total of four platforms, three have already been put in place. Two are above the oil deposit and the third is at the natural-gas deposit which is located in the sea area of Mariai, Thasos, 12 kilometers south of the Prinos drilling. The cost for each one of these platforms comes to \$5-6 million.

The fourth platform, which is the production platform--whose cost of construction will amount to \$25 million--will begin to be put in place soon.

The premier was briefed also on the safety measures which have been taken so that the work of the personnel may not be impeded, as well as on the measures for protecting the environment.

The Northern Aegean Company

5. The Northern Aegean Petroleum Company, which has undertaken the construction of the project and the pumping of the deposit, is making haste to complete the work as soon as possible and then begin the extracting of the deposit, inasmuch as every delay adds to its expenses.

Mr Rallis observed all phases of the work which is being done at the floating drilling rig, and he had a talk with the personnel. After that the premier went to Nea Karvali of Kavala to visit the facilities for desulfurization of the oil and for the storage of the natural gas, which will be transported there by two pipelines.

The construction of the inland facilities is about 70 percent complete, and it will be finished by February 1981. These facilities include: Units for separating the oil and gas as well as the system for stabilizing the crude petroleum. A unit for gas desulfurization and recovery of hydrogen sulfide. A unit for producing 400 tons of sulfur from the hydrogen sulfide. A unit for separating the natural gasoline contained in the gas. Three storage tanks for holding the crude oil, with a total capacity... [rest of article missing].

PARTIES COMMENT ON 1981 BUDGET

The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 16 Sep 80 pp 12,13

[Text] The Hague, September 16 - Opposition Labour leader Joop de Uyl today condemned the 1981 state budget as socially unjust because it hit the lowest income earners hardest.

In an initial reaction he warned that the government's one-sided distribution of the burdens would lead to disastrous developments in 1981.

He criticised the government for reacting to developments abroad with purely defensive measures and without offering any prospects for more work.

The government's incomes policy was described by the Labour leader as 'perplexing' and foreign minister Chris van der Klaauw was censured for his failure to take any initiatives in respect of nuclear arms and for rejecting an oil boycott against South Africa.

CDA

CDA floor leader Ruud Lubbers said the sacrifices the nation was being asked to make were 'inevitable.'

He said that painful choices could no longer be postponed and that it was only fair that the burden was being placed on all citizens - the workers paying higher social security premiums, cuts in the benefits of social security recipients and the salaries of public servants.

Mr Lubbers criticised government plans to raise the lowest value added tax (VAT) rate from four to 4.5 percent saying he would have preferred an increase in excise rates on luxury goods or the transfer of some goods from the lower to the higher rate.

He felt it was reasonable to use part of the natural gas revenues to help improve the strongly eroded financial position of trade and industry.

However final decisions on this proposal should be held over pending talks in the joint industrial labour council, grouping employers and workers.

VVD

The Liberal VVD party urged the cabinet to go all out to bring about wage restraint right across the board and to cut back transfer expenditure.

A statement issued by the parliamentary party showed that the Liberals have difficulty accepting the foreshadowed heavier burdens because they will lead to a heavier public burden, an unacceptable erosion of company profits and a rise in unemployment.

The party calls for a higher priority to be given to the fight against evasion and social security abuses and for the removal of bottlenecks in the labour and house-building markets.

It praises the cabinet for the efforts it is making to turn the tide and to put the economy back on a sound footing.

The Liberals welcome the proposed cut in the financing deficit, the 100 per cent inflation correction, the readjustment of social security payment, efforts to reduce the number of people claiming social security payments, proposals to boost company profits and the increase in the deductability of individual interest receipts for income tax purposes.

D'66

The parliamentary D'66 party said in a statement that the 'sad but inevitable' conclusion to be drawn from the budget was that the cabinet was unable to reap the harvest of what it had sown.

The social and economic policies pursued by the cabinet in recent years had completely misfired.

One of the most alarming aspects of the country's prospects was that investments would fall right across the board in 1981 - company investments would fall by four per cent, investments in housing by 2.5 per cent and government investments by two per cent.

D'66 called for an additional impulse to the building industry by having 10,000 to 15,000 more houses built than the number envisaged by the government.

The party failed to understand why the cabinet planned to raise the lower value added tax rate from four to 4.5% saying it would have preferred a luxury VAT rate analogous to that in other European countries.

It further condemned plans to cut back the government's contribution to social insurances because the move tended to widen income differentials and could lead to higher wage demands.

D'66 also raised serious objections to government plans to cut the salary of school teachers. It said it favoured wage restraint as a means to boost employment but that there should be restraint right across the board.

Communist CPN

Mr Marcus Bakker, floor leader of the Communist Party, described the budget as an accentuated attack on wages, salaries, social security and public amenities and noted that defence spending would rise and that billions of guilders were being pumped into oil companies and other big enterprises.

He predicted that this would lead to more unemployment and called for a change of policy which would preserve the purchasing power and create jobs.

The Communist leader felt this could only be achieved by (extraparliamentary) action and he called on all those who favoured action to join forces.

CSO: 3120

PLANNING AGENCY PAINTS DISMAL PICTURE

The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 17 Sep 80 pp 1, 2

[Text] The Hague, September 16 - The Central Planning Agency, in its annual Macro-economic Outlook for 1981, predicts that unemployment will rise to 280,000 and the labour income ratio (the share of labour income in total corporate income) go up to a record height of 97.5%.

Investments will drop by 4%, the agency says, while warning that many uncertainties are involved which may well make things turn out worse than can be foretold today.

It notes that a slight improvement in the financing deficit from a current 6% of national income to between 5 and 5.5%, is offset by an increase in unemployment and a further rise in the labour income ratio from 95% of corporate income to an all-time high of 97.5%.

This means that hardly anything is left for corporate profits and capital costs, the agency says, adding that this development will have dire consequences for the survival of firms and investment.

Spending Power

The shrinking of corporate margins is not translated to an improvement in real disposable workers' earnings, the agency says, pointing out that increases in taxes and social contributions will result in a 2% loss in spending power all along the line.

Minimum wage earners and people earning around f 120,000 a year will lose 1.5% in spending power, while civil servants and workers in subsidised sectors will lose over 2%.

The agency prognosticates a drop in economic growth from 1 to 1.5% this year to zero or 0.5% in 1981. Real national income will rise hardly if at all.

It is slightly more optimistic about inflation, saying it might fall to between 6 and 6.5% against 6.5 to 7% this year.

Labour productivity will drop by 0.5% as compared with 1980.

Wage cost per unit of product will rise by 4% (compared with 2 to 2.5% this year).

Foreign Trade

The agency counts on a 2% rise in exports (3% in 1980) and a 0.5% rise in imports (1%). The balance of payments deficit on current account will drop to 1 billion guilders (from 4.5 billion) mainly as a result of extra income from natural gas.

The rise in unemployment from 240,000 not to 280,000 will be due to a shedding of 20,000 jobs, mainly in industry.

The agency expects consumptions to remain at the same level and savings to rise slightly.

The tax burden as a percentage of national income will ease by 4% as a result of measures to reduce taxes on business firms, but the social contributions burden will go up by 0.6%.

The agency says it had counted on a temporary picking up of the international economy. If it fails to materialise, this will affect its prognoses.

Part of the increase in unemployment will be due to a drop in investment in construction, including a 2.5% decline in housing investment.

Another uncertainty which may play havoc with the agency's prediction is the rise in gross wages next year, which the agency puts at 8%.

CSO: 3120

LABOR PARTY NATIONAL COMMITTEE ARGUES PRIOR STORAGE ISSUE

'Not a Debate on NATO'

Oslo ARBEIDERBLADET in Norwegian 16 Sep 80 p 6

[Article by Pal Nordenborg]

[Text] "The national committee of the Norwegian Labor Party is not calling for a new debate on NATO and that is not what the Oslo branch of the party wants either. Of course the party's working program gives guidelines on security alliances."

The secretary of the Oslo Labor Party, Bjorn Tore Godal, was explaining to ARBEIDERBLADET the background for the proposed statement on storage of heavy American materiel which the party committee in Oslo will present to a general meeting of members this evening.

The government is not happy about a statement from this forum which seems likely to go against the government's position on the storage issue. It has become known that the committee's proposal expresses skepticism regarding prior storage and the way this matter has been dealt with. On Sunday Prime Minister Odvar Nordli said with reference to the membership meeting tonight that prior storage is an essential part of NATO membership and therefore it would be a serious step backward to reject such a central part of the security policy pursued since 1949.

The membership meeting will take up the proposed statement after introductory speeches by Defense Minister Thorvald Stoltenberg and Helge Sivertsen who is chairman of the government committee on disarmament and arms control and a member of the Labor Party's disarmament committee.

"The national committee has not called for any discussion of the principle of prior storage either. That principle was adopted long ago," said Godal who feels that prior storage is an important part of the basis for the Norwegian mobilization defense system numbering a quarter of a million men.

"What we in the Oslo branch of the party want to discuss and clarify is whether in the present international situation we want to contribute to maintaining Norway as a low-tension area by installing weapons for American troops. From what we have learned these weapons can be adapted to use nuclear charges," Godal said.

He also said it is natural to ask how this particular storage project is related to recent American statements about limited conflicts and the use of atomic weapons in a future international crisis situation.

"In other words we are asking whether such storage might make Norway a military target more quickly in a conflict between the superpowers."

Bjorn Tore Godal said that the Oslo party committee also emphasized the economic aspects of the issue. The party committee is of the opinion that Norwegian storage plans should be carefully evaluated with regard to cost. If costs exceed the limits set for economic growth this will come in conflict with other important social objectives. And this would make it difficult to talk about restraint and moderation in other areas, according to Bjorn Tore Godal.

"The Oslo Labor Party is not trying to dramatize this. But people are so unaccustomed to discussing defense and security policy issues that the temperature has a tendency to rise when such discussions take place," Godal said.

"The membership meeting tonight is part of the discussion recommended by the national committee of the party. I am hoping for a calm and factual debate not only at the membership meeting but also in the other party forums that will be debating this issue," the secretary of the Oslo branch of the party told ARBEIDERBLADET.

The membership of the Oppland branch of the Labor Party also took up the question of prior storage. At a meeting in Lillehammer on Sunday clear skepticism was expressed concerning the storage of heavy American military materiel. But a proposal that the meeting issue a statement expressing this concern did not gain support according to "Dagningen."

Labor Party deputy chairman Gro Harlem Brundtland also commented on the issue over the weekend. She said to VERDENS GANG that if it seems necessary and appropriate the matter should be decided on at the Labor Party national congress. And Storting representative Per A. Utsi told the same newspaper that with tonight's meeting the Oslo branch of the party is not acting in accordance with the national committee's plans for further discussion of the prior storage issue.

Utsi said that what the national committee had done was to call for a debate after the negotiations between the United States and Norway were over and the results had been announced.

Per A. Utsi is the Labor member on the Storting Defense Committee.

Gerhardsen Tries To Mediate

Oslo ARBEIDERBLADET in Norwegian 17 Sep 80 p 6

[Text] The government must wait until November to find out whether it has the support of the Oslo branch of the Labor Party with regard to prior storage of American military materiel in Norway. The meeting of the Oslo branch of the party last night had to be broken off because so many people wanted to have the floor and the topic will be continued at another meeting in November.

The 20 people who spoke showed that there is great disagreement on this issue. Both emotional and more analytical arguments were used for and against. For many people the point was not to handle the matter in such a way that it would lead to lack of confidence in the government. Einar Gerhardsen was among those who tried to "mediate." He emphasized the importance of bringing the matter to a conclusion in a way that would serve the labor movement well.

Oslo party chairman Thorbjorn Berntsen opened the meeting by criticizing the way the government seems to have handled this matter. He said party organizations were placed in a bind after the government had taken its stand.

This was rejected by both Foreign Minister Knut Frydenlund and Environmental Affairs Minister and former Defense Minister Rolf Hansen. They said party organizations have not been prevented from discussing defense and security issues. This was shown at the 1973 national congress of the Labor Party which led to the establishment of the Defense Commission. There was further debate in Storting where the Labor Party backed the storage issue.

"It would be an extremely difficult situation if the Oslo branch of the party passes a resolution that goes against what the Labor Party helped to pass in Storting," Frydenlund said.

Rolf Hansen stressed that prior storage is necessary if Norway is to have a reasonable hope of defending itself in a war.

"The question is whether we should plan out a responsible security policy as the government is now doing or embark on an ostrich policy," said Hansen who felt there was no basis for attacking the government for the way in which it has handled the matter. "Think for yourselves," the cabinet minister concluded.

Of the 20 who had a chance to speak yesterday a scant majority opposed prior storage, but this cannot be used as a guideline to what the members will end up deciding when the meeting continues on 11 November.

Kari Rolstad was among the opponents who stressed how important it is that defense and security issues not be treated as matters for experts alone. Such vital matters should not be discussed solely behind closed doors, she said, and most of the other opponents of prior storage also pointed this out.

AUF [Labor Youth] chairman Thorbjorn Jagland pointed out that the United States and the Soviet Union are leading up to making Europe a battleground in a future nuclear war. "Therefore it is important not to help increase tension, which will be the case if we allow ourselves to be involved in the superpower game plan," Jagland said.

Jens Oen was one of those outside the government who strongly recommended supporting the plan. "We must not lose contact between realism and desire," he stressed.

Sivertsen Sees Big Nuclear War Risk

Helge Sivertsen, for many years minister of church affairs and education and now chairman of the government's committee on disarmament and arms control, dealt in his speech with Prime Minister Odvar Nordli's statement a few days ago that prior storage was a minor issue. Sivertsen referred to the bill which says this move "is a necessity for the Norwegian base policy in the immediate future." "If that is the way it is regarded the issue has broad dimensions," Sivertsen said.

He said this was not a matter of just the American storage of equipment, it concerned the entire system of prior storage in anticipation of allied assistance.

"Does this mean that if we don't accept this American storage the government will suggest a change in the base policy?" Sivertsen asked. He said the average reader would get the impression that the government would then favor the stationing of foreign combat forces on Norwegian territory in peacetime. And he asked if that would also mean a lifting of the restrictions on nuclear and chemical weapons.

"I hope the wording led to a misunderstanding," said Sivertsen and advised using the pen carefully when writing government bills. He said

that the Labor Party's leading spokesman in Storting on such matters, Per Utsi, seems to have taken the statement at face value. Sivertsen pointed out that in a recent television debate Utsi said that all 8 billion kroner in defense appropriations would be wasted unless we got this storage.

Helge Sivertsen made it clear that he was not speaking on behalf of the government disarmament committee since it had not been presented with the issue of prior storage of American equipment. He also insisted that he still thought it is right for Norway to be a member of NATO.

"It has been a major line in Norwegian defense policy that the dispositions we make for the defense of the nation are not interpreted as offensive with regard to any other country," said Sivertsen. He said he was skeptical at the moment about the effects of storing American equipment right now without a more detailed analysis of the new situation being created by tension between the superpowers today.

"And if we do store materiel the vital thing from my point of view is that this does not increase the risk of nuclear arms being used in Norway. It has been revealed that the guns can be used for nuclear charges," Helge Sivertsen said.

With the idea of the opportunities for talks between nations in mind he said that Nordli's letter to Brezhnev was promising. He believes that a new public opinion in many countries is emerging and could break through into political results more quickly than the pessimists suspect. But Sivertsen warned that the risk of atomic warfare in Norway is great. "Let's watch our step closely," he said.

Stoltenberg: No Invitation to Attack

"The prior storage the government has proposed for Trondelag will help place us in the same situation we have been in since 1949--one where we can get allied reinforcements if we want them, with a realistic chance that they will be able to arrive quickly."

That is what Defense Minister Thorvald Stoltenberg said in his speech. "Despite the build-up of forces around us we are trying to maintain a situation in our area that everyone seems to agree has contributed to detente," he said.

He stressed that the prior storage of equipment and materiel for allied air and naval forces which has been going on since the 1950's is done to increase the likelihood that Norway can get reinforcements if and when the country asks for them. "The more likely it is that we really can get such reinforcements the less likely it is that anyone will find it expedient to attack our nation. The risk would be too great," Stoltenberg said.

"No one is being invited to attack our country but no one should fear an attack from Norwegian soil either," he said.

The defense minister pointed out that the Soviet build-up of forces can also have an effect on Norwegian defense even though no one believes it is directed specifically against Norway. "The Soviet Union wants a worldwide presence, that is why they are building special air and naval forces with nuclear and conventional weapons. These forces can prevent reinforcements from reaching our country," said Thorvald Stoltenberg.

He stressed that any government would hesitate to contribute to the escalation of a conflict. But then the government must also assume responsibility for the failure of reinforcements to arrive when they are needed. This does not promote peace and detente but uncertainty and the element of chance. Stoltenberg said that is why for several years Norway has been working to get stockpiles of allied materiel which can take a long time to bring in.

"No one could reasonably claim that prior storage in Trondelag would act as a challenge to the Soviet Union. Trondelag is more than 1000 kilometers away from the Soviet Union. The weapons--guns and antitank weapons--involved in this storage program have a range of between 3 and 15 kilometers. Both weapons and ammunition will thus have a strong defensive character as do the weapons we already have in this country," said Stoltenberg who also said that the force of 10,000 men we are talking about corresponds to roughly 3 percent of our own forces.

Stoltenberg also mentioned Prime Minister Odvar Nordli's response to Brezhnev which expressed satisfaction that the Soviet Union is ready to negotiate on nuclear missiles in Europe. Since these negotiations can now apparently start and in view of Norway's efforts to start talks concerning the NATO resolution last December, Defense Minister Stoltenberg asked:

"Haven't we helped make sure that disarmament efforts will not be a futile hope?"

North To Be Strengthened

Oslo ARBEIDERBLADET in Norwegian 19 Sep 80 p 14

[Article by Arne Karstad]

[Text] While there was still agreement "across political lines" in Norway on security and defense policy a report was issued by a defense commission in which the major parties were represented. Now, 5 months

after the Storting debate on the commission report, the question is what did it have to say about prior storage? It is worth leafing through the report again and not just to find out what it had to say about arms storage. Since the commission was supposed to take a 15-year look ahead and the world has not changed much since March 1976 its evaluations ought to have some validity today.

The Conservative politicians and the Conservative press in particular, from AFTENPOSTEN via BERGENS TIDENDE to FARMAND, should be reminded of what moderate and Conservative representatives supported. In the period following the presentation of the government's storage plan for Norwegian and American forces they have managed to depict this as synonymous with abandoning parts of this country--Finnmark and Troms are lost (AFTENPOSTEN), a troop withdrawal line has been drawn between Troms and North Norway (BERGENS TIDENDE) and we have given up on defending North Norway (FARMAND).

That's a great vote of confidence in our armed forces and encouraging reading for the draftees in southern and northern Norway whose task is to defend North Norway. Even after the defense system in North Norway has been beefed up considerably with the storage of heavy equipment where it will be used instead of in Trondelag as it is now, avoiding the need for heavy transport, we are told this represents a weakening of our defenses. The officers, civilian defense employees and soldiers concerned probably have a different idea of what their efforts are worth today and in the years ahead.

The defense commission report is especially interesting because its background material, discussions and recommendations do not lead to the conclusion that massive prior storage of foreign infantry supplies in North Norway is a prerequisite for saving that part of the country from war. It does say that developments "make it increasingly necessary to find opportunities for prior storage of heavy equipment for allied forces which could come to our assistance if the situation demands." (Point 8.2.7.) Earlier the commission said this would be within the framework of the base policy as drawn up in 1951.

Nervous Critics

For AFTENPOSTEN and other nervous critics it might be interesting reading to compare the commission's report, which was regarded as gospel truth up to the Storting debate on 17 April of this year, with an article in INTERNASJONAL POLITIKK, No 3, 1978. Here Jan-Erik Nilsson, a research worker with the Defense Research Institute, writes on "The Level of Defense Ambition." The institute and the Defense High Command were the major suppliers of the background material given to the defense commission. We must assume that Nilsson's remarks are not irrelevant to the deliberations of the defense commission.

In contrast to some political scientists and conflict theory speculators Nilsson does not try to obscure things from the reader. He evaluates two major conflict situations, as does the commission report. One is an isolated attack on North Norway, with "peace" prevailing elsewhere in the world and little NATO-Norway serving as the victim, and the other is a major war fought out in central Europe with Norway a side issue.

North Norway

Nilsson writes of the isolated attack: "If the Soviet target of an isolated attack is vital portions of North Norway it seems possible within reasonable resource limits to build up an adequate defense capacity to hold key areas until larger allied reinforcements can come in and to receive and safeguard allied reinforcements within our area of responsibility." Some of the same thinking can be found in the congressional study on U.S. Marine reinforcements which gained widespread attention in Norway this spring. It says that Norway wants U.S. Marines to be set in due to limited reinforcements for the defense of Norway. This could unfortunately create problems in using forces elsewhere and if Norway (and Denmark) should increase their efforts there would be less pressure for the use of U.S. Marines on the northern flank.... When the Trondelag brigade, KR [Combined Regiment] 13, simply has to be flown up to equipment waiting for them this involves a substantial increase in the quality of the Norwegian defense capability in North Norway.

Trondelag

The Oslo paper VERDENS GANG goes directly contrary to the defense commission report when it says on the editorial page that it is proposed to locate the American supplies "in the part of the country regarded as least exposed in the event of an attack." The commission says some reinforcement of defenses outside North Norway "especially in Trondelag" should occur. Research worker Nilsson also gives a reason for extra steps in Trondelag in connection with a major war in which it is probable that our allies will have "strict resource limitations." He says: "Reinforcement of North Norway must be expected to come far down on the list of priorities. The opportunities might be better to get reinforcements to Trondelag and other parts of South Norway." In this case the less exposed areas should be secured, i.e. Trondelag rather than North Norway and South Norway in general rather than Trondelag.

An American effort based on the stored supplies in Trondelag would be an obvious strengthening of defense and the Americans would probably be able to move northward if they needed to and wanted to in order to defend themselves against Soviet airplanes and ships.

This can provide some basis for maintaining that we should not increase our efforts substantially before Norway has acquired the capability of

holding out long enough in a war so that help can get there and with that "threat" to an assailant the "deterrent effect" has actually been accomplished.

At the moment it is fashionable to place one leg of the compass in Kola or Leningrad, draw circles and then count men and weapons in Norway and the Soviet Union, for example. It isn't very sophisticated and it doesn't have much point in terms of security policy, assuming as it does that we don't have to evaluate alliances but individual countries.

The defense commission had wise words to say about that: "It has not been a realistic goal in Norwegian security policy to create a regional military balance with the level of strength and weapons systems in northern Europe in isolation. For Norway as a NATO member the most important thing in this context has been the credibility of the alliance's guarantee of the country's security.

"And in the current situation it is not a reasonable goal for us to make automatic military adjustments to changes in strength and weapons technology in our security policy vicinity. This also applies to the Soviet build-up of naval and strategic forces in the North which has been viewed by Norway as a step in the development of superpower balance and not primarily as something directed against us."

Nothing Dramatic

It appears from the report that no dramatic changes have occurred which call for dramatic measures. The question of advanced prior storage should not be overdramatized either, especially when the complaints have as much to do with active Norwegian desire for a revision of the views on advanced storage as they do with needs based on analyses. General Haig, who was military chief of NATO when the defense commission was doing its work, did not want to hurry up storage plans. This wasn't pertinent or regrettable if impossible or if compensation was required. The situation did not call for a mood of "the end is near at hand." It is not the case that if one doesn't get everything one wants great misery will be the result.

The Trondelag storage depots help reduce the pressure for requesting outside aid while at the same time those primarily affected, the Norwegians, can take up positions in the North after mobilization. We should do that before we ask for foreign assistance. The big question then is whether the Americans in their calculations are assuming that an attack on Norway is part of a major war, a beginning. Then supplies would not dictate where forces were sent, they would go where they were needed most. In that case Norway would have greater problems than how to get forces from across the Atlantic into the country. But in an isolated attack the Atlantic would be free!

The supplies stored in Trondelag could strengthen the "credibility of alliance defense" as the commission put it. The avoidance of having to ask for help 3 days before one fears a war will break out in order to be sure one can use exposed supplies far to the north could be an advantage. Asking for help at that time could be even more difficult than it would have been 2 weeks earlier and might further intensify the situation.

The government has acted in line with the stand of the commission which included many different parties. The commission said it was its understanding that when the authorities make a decision on various cooperative allied moves in Norway this is not done simply on the basis of whether or not this is in accord with Norwegian base and nuclear policies but on the basis of an overall evaluation of the security policy effects of the various steps.

NATO Support Declining in North

Oslo ARBEIDERBLADET in Norwegian 19 Sep 80 p 6

[Article by Pal Nordenborg]

[Text] Opinion polls made in recent years show a decline in support for NATO and our military defense among the people of North Norway. The annual FOLK OG FORSVAR poll shows this tendency.

While support for NATO in the three northernmost counties, Nordland, Troms and Finnmark, was 65 percent in 1977, the 1980 figure declined to 50 percent. The same tendency is true of support for the armed forces but it is not quite as pronounced.

The opinion polls show a rising support for the armed forces and NATO among Labor voters.

The figures for the northern counties are based on replies from less than 200 people. But this number is representative of a selection on a national basis.

General secretary Per Ingebrigtsen of FOLK OG FORSVAR who gave the figures to ARBEIDERBLADET said that aside from North Norway NATO support is stable. Support for the defense system is increasing steadily. He urged caution in drawing any conclusions on the basis of the decline in the three northernmost counties, especially since the number of people asked is so small. The selection from that part of the country this year involved 156 people while the selection included 193 people in 1977.

Labor and Conservative Parties Back Defense Equally

The last opinion poll on NATO support was made in January 1980 after the Soviet invasion of Afghanistan. A survey concerning attitudes toward military defense in Norway was conducted in April and again in May of this year. Divided up along party lines, 91 percent of Conservative voters support military defense and so do 90 percent of Labor voters. The figures for the Center Party, Christian People's Party and Socialist-Left Party are 89, 86 and 72 percent respectively. Among SV [Socialist-Left] voters 20 percent opposed military defense.

On a national basis support of military defense increased 16 percent from 1970 to 1980 to 86 percent.

With regard to NATO support there is an evenly rising tendency among Labor voters. Among Labor voters 68 percent now support NATO while 7 percent are opposed--the negative responses are the same percentage as the national average. Conservative voters top the NATO backers with 81 percent. In the Christian People's Party 77 percent favor NATO, the figure for Center voters is 67 percent--a small decline, incidentally--while SV had 26 percent NATO backers in its ranks and 35 percent opposed to NATO. Liberal support for NATO is 70 percent.

Jagland: NATO Not an Issue

The debate on prior storage has nothing to do with Norwegian membership in NATO. Norway will be a member of NATO regardless of the outcome of this issue, said AUF [Labor Youth] chairman Thorbjørn Jagland at a meeting in Drammen on Thursday.

He stressed that it is permissible to discuss the extent to which a further arms build-up for one of the superpowers serves Norwegian security in the long run. "At a time when the superpowers are improving their nuclear weapons with the idea of transferring nuclear war to Europe it is the duty of every nation to try to stay outside the confrontation between the superpowers," Jagland said.

He also said there is a tendency today for the other European lands to try to free themselves from the superpowers. "They see that there is no possibility of a war between the nations in Europe. It is the Soviet and American placement of new weapons with excessive destructive capabilities that is creating uncertainty and the risk of war."

6578

CSO: 3108

DISARMAMENT PANEL CHIEF LEADS ANTI-STORAGE FORCES

Oslo ARBEIDERBLADET in Norwegian 13 Sep 80 p 6

[Text] This evening prior storage will be debated at a general meeting of the Oslo Labor Party. Will the committee win support for its proposal to voice skepticism about the government's plan to store heavy allied equipment? This appears less certain after Prime Minister Odvar Nordli gave a clear signal orally and in writing this weekend that we should reconsider. In principle this issue concerns Norwegian participation in NATO. It's that serious.

Government circles view the possibility that the Oslo branch of the party--traditionally one of the most influential sections of the Labor Party--will express opposition to the government's plans to store heavy American materiel in this country in advance with concern and anxiety. However the committee intends to make a proposal for a statement in this direction, based on the following assumptions, among others. It is important that Norway remain a low-tension area, there is fear that our nuclear and base policies will be weakened and increased storage of Norwegian equipment would be an incorrect way to use scarce Norwegian resources.

The threatened move by the Oslo branch of the party, which also reflects opposition to NATO, was taken up with Prime Minister Nordli in Molde on Sunday. The prime minister said then that prior storage of allied military materiel in Norway is an essential part of our NATO membership. It would therefore be a serious step backward if we now reject such a central part of the security policy we have pursued since 1949, he said.

After Nordli had issued a reprimand to the bourgeois opposition with regard to this issue in a speech on Friday the prime minister returned to prior storage in an urgent article in ARBEIDERBLADET on Saturday. He wrote--with obvious reference to the ruling party's security policy opposition: "Without such prior storage we would have to reevaluate our defense system. This could present us with much more painful choices than the situation now confronting us."

Other statements in the article also show the prime minister's view of the situation. Prior storage is necessary if our NATO membership is to continue to have credibility.

It is less clear what Nordli has in mind when he suggests that without prior storage we might run into much more painful choices. Two possibilities are mentioned in party circles: Either change our base policy so allied forces can be on Norwegian soil even in peacetime or stress purely national defense with the enormous costs this would involve.

Political observers also stress Nordli's emphasis that a responsible government must take the realities in our vicinity into account. This is regarded as a clear reference to the build-up of Soviet forces in the Arctic region.

With signals like this the prime minister obviously considered it necessary to put the issue of prior storage in very serious perspective before the Oslo Labor Party membership meeting this evening. It is the chairman of the government's disarmament committee, Helge Sivertsen, and Defense Minister Thorvald Stoltenberg who will open the meeting. Foreign Minister Knut Prydenlund, who brought up the issue before the national committee last weekend, is also expected to take part. As you know the national committee voted that the issue of prior storage should be discussed in detail by the party with a repeat discussion after the government has had its talks with the United States.

Deputy chairman of the Labor Party Gro Harlem Brundtland told VERDENS GANG yesterday that the matter could be decided at the national congress in the spring if this proves to be "necessary and appropriate."

Cabinet minister Sissel Ronbeck, former AUF [Labor Youth] chairman, praised the national committee in an article in VART LAND Saturday for "having the strength to reconsider rather than complying with right-wing demands for what they call 'resoluteness and forcefulness' on military issues."

The cabinet minister also expressed a desire for a broader and more open treatment of defense and security policy issues than we are accustomed to in this country. This too might be regarded as a criticism of the way the government of which Ronbeck himself is a member handles such issues.

EX-CP CHAIRMAN LARSEN WRITES BOOK ON PARTY

Oslo AFTENPOSTEN in Norwegian 19 Sep 80 p 3

[Article by Einar Solvoll]

[Text] "Ruled From Moscow?" That is the title of a book to be released this fall by the former chairman of the Norwegian Communist Party, Reidar T. Larsen. And the title was chosen after careful consideration according to Reidar T. Larsen who also described what went wrong with the unification efforts in SV [Socialist-Left Party] and why it is so much easier for people on the left wing to fight with each other than it is for people on the other side.

"We could learn a lot from the right wing in this area," Larsen said. "More tolerance and more leeway are needed and that is where we failed. Those who go to the left have stronger opinions than most people. If there is too little interest it's no good," he said.

Berge Furre will probably step down as SV chairman. Is Reidar T. Larsen one of the candidates to succeed him? He has many supporters in the party but he says he has not really considered the matter. Larsen is a member of the SV executive committee which holds weekly meetings but until recently he had a leave of absence so he could write his book in his free time. "I had to get away from daily politics in order to do this," he said.

"I am not volunteering myself in politics but if there is a job to be done I will consider it," said Reidar T. Larsen who must decide by the end of the month if he will run as a Storting candidate for SV in Hedmark. Asked if the former SV parliamentary leader misses national politics, Larsen said: "So far I haven't missed anything but after a while it can seem a little empty and I don't intend to stay out of politics forever."

There is a question mark at the end of the title of the forthcoming book. Is the Norwegian CP ruled from Moscow?

"People should read the book themselves to find out," smiled Reidar T. Larsen who did provide some insight in his reply: "Obviously it is not a case of formal direction. A party is ruled by its members. If the leaders map out a line the members don't want the leaders will be replaced. But it seems to me that the Norwegian CP today has leaders who are strongly influenced by other parties. There is little determination on their part to make an independent evaluation of what they see, for example in Afghanistan. They say what they hope the situation is. For me it is a vital issue to retain the ability and desire to act independently," said Reidar T. Larsen.

6578

CSO: 3108

WORKERS EDUCATION UNION CHAIRMAN: NATO CHARACTER CHANGED

Oslo ARBEIDERBLADET in Norwegian 10 Sep 80 p 6

[Article by Pal Nordenborg]

[Text] "NATO policy has changed in character. It has become harder, especially under pressure from the United States."

That was one of the main points in AOF [Workers Education Union] secretary Georg Lieungh's talk to the Oslo Workers Society yesterday.

Several hundred people attended the debate meeting entitled, "Norway's Base Policy: Who Decides and Who Is Affected?"

"Foreign policy information is no longer the domain of a small group of experts and a no man's land for the vast majority. It will probably take some time before some of our foreign policy leaders accept this fact," said Lieungh.

He charged that the Labor Party has been unwilling to conduct an open debate on foreign policy and security. This debate--which so far has had a freer life outside the Labor Party than it has had within it, as he said--no longer follows the old dividing lines for or against NATO.

U.S. Base System

Lieungh said that Norway itself does not represent any power or a power threat against others.

"But this might happen if we rent out parts of our territory to the power needs of others," he said.

He said that if Norway allows itself to become part of the global base system of the United States we must also accept the fact that we will automatically become a military target in the event of war.

"That does not mean more security, it means less. And we as a nation have made a bad choice there--even though military arguments are cited for it," said Lieungh.

He stressed that Norway's membership in NATO involves obligations. But what kind of obligations?

For a Labor government the main task in NATO should be to work to reduce conflicts, he maintained. He said that after last year's meeting in Brussels it cannot be denied that Norway has gone in for a nuclear arms build-up in Europe. Norway is no longer a moderating factor in the NATO co-operation, he said.

No in 1957

He said it was disappointing to note the change in attitude in the NATO cooperation toward a harder policy. He recalled that at the NATO meeting in Paris in 1957 Norway opposed locating atomic missiles in Europe. The government's no unified the Labor Party and most of the Norwegian people then, Lieungh said.

In Georg Lieungh's view Norway is being drawn deeper into the conflict between the two superpowers and in this way will be involved in greater opposition to the Soviet Union than the circumstances warrant.

This leads Norway into a double dilemma, he said. On the one hand the Soviet military build-up makes Norway's ability to defend itself with its own forces less realistic. But with an increasing support of the harder American line toward the Soviet Union combined with a build-up of military forces on Norwegian territory Norway risks challenging the Soviet Union so much that Norwegian security will actually decline.

Georg Lieungh said that the resolution by the Labor Party national committee to discuss prior storage in the Labor Party and to continue authorizing the government to negotiate with the Americans had saved many people from becoming politically homeless.



[Photo Caption] Georg Lieungh speaking to the Oslo Workers Society last night: "The resolution of the national committee saved many people from becoming politically homeless."

6578

CSO: 3108

FINANCE MINISTER OUTLINES 1981 ECONOMIC, FINANCIAL POLICIES

LD250955 Lisbon EXPRESSO in Portuguese 13 Sep 80 pp 14-15

[Interview with Portuguese Finance Minister Anibal Cavaco e Silva:
"Basic Objectives for 1981 Must Be Investment and Consolidating Control
of Inflation"]

[Excerpts] EXPRESSO: The main criticism made of the present government's economic policy is that it is too electioneering-oriented. The quest for visible results in the short term at all costs will be reflected in high costs to the country that will only be felt in the future (thus hindering the administration of a republican and socialist front government if the democratic alliance loses the elections). In this context the most an interviewer can do is ask you to give your forecast for the final figures for 1980 and in particular your objectives if you are asked to present the 1981 plan and budget. It is your credibility as an economist that is at stake....

Cavaco e Silva: I believe that you are referring to the problem of inflation. I have already refuted several times that ours is an electioneering policy or that it implies any special costs that will be reflected in the future. One very major factor in our inflation has been inflationary expectations, as shown by studies in which I myself have taken part. And everything that has been done to combat these inflationary expectations has positive effects not limited to this government's lifespan.

There are various aspects to the policy pursued with regard to prices. A pointer was given to the private sector with regard to salaries, since the government was able to act in the public sector of production through economic and financial requirements in collective bargaining and pay increases that companies were authorized to reflect in their prices. Companies have become acquainted with the "rules of the games." An attempt has been made to prevent prices being fixed with a very large, or at least abnormally large component of speculative profits. The function of the prices regulations (on declared and maximum prices) is precisely to prevent increases not justified by increased costs, at the same time demanding some increase in productivity. The escudo has been revalued, and so forth.

If this policy produced results in the initial phase it would have repercussions on pay demands through the expectation that prices would not continue increasing at former rates, thus enabling us to benefit from a reduction in the pay costs component that feeds inflation. I believe this has happened, that collective bargaining is proceeding at a level compatible with the objectives set by the government and, moreover, that if the present policy is continued it is likely to produce trends consistent with inflation rates below the target set for 1980. On the other hand it has produced new realizations on the part of other economic agencies. At last there are doubts that every year we can expect a higher inflation rate than the year before. There has been, I repeat, a concern with modifying expectations, and this has been our aim from the outset.

EXPRESSO: Some people even maintain that the escudo is still overvalued and that this justifies a further devaluation of the kind carried out in February.

Cavaco e Silva: That would be a mistake now. A monetary policy must be pursued in such a way as to secure credibility on the part of the economic agencies. At present the necessary step can only be taken when we have guarantees that consistent policies will be pursued in other fields. In February I had this guarantee. Now I believe that it would be preferable to continue the monetary policy currently being pursued, perhaps until the end of the year.

EXPRESSO: You have not yet said what your target for price increases in 1981 would be.

Cavaco e Silva: Studies carried out by the Finance Ministry indicate a figure of 15-16 percent (for the retail prices index). But bear in mind that everything will depend on what policies are pursued.

EXPRESSO: Though situations vary from sector to sector, employers are complaining and presenting strong arguments regarding the straitjacket in which they are confined.

Cavaco e Silva: I have spoken with employers--I have just been in contact with several in Oporto--and I can confirm that some opposition parties, known as socialist parties for some strange reason, are more concerned with employers' profit margins than the employers themselves.

The dissatisfied ones are mainly the people accustomed to making excessively easy profits. That is bad. Companies must be required to increase their profit by improvements in management and efficiency.

Following the recovery of profits in 1978-79 it was right to halt this trend and allow real earnings to rise. We need a prices policy, whatever government we have in 1981.

EXPRESSO: In this area too the government has been criticized for not having fully reflected the increased cost of imported oil in domestic prices.

Cavaco e Silva: Some people made mistakes in their initial calculations on fuel price increases in February because they forgot that the price increase introduced then followed another one introduced 4 months earlier.

I say it would be a mistake for any government, in the event of a concentrated onslaught of oil price increases, to pass this on in full to domestic prices immediately. Oil price increases have been passed on, for instance, to electricity and cement. Where they have not been fully passed on is in transport.

EXPRESSO: Be that as it may, will fuel prices increase soon?

Cavaco e Silva: I do not believe they will increase soon. Everything depends on how oil prices evolve in the coming year. Though there are negative aspects in forecasts for the international economic situation, they do not apply to fuels. Present forecasts of oil price increases look much less black than when the government took power.

Modifications to fuel prices will have to be determined by OPEC's prices policy. Experts believe that it will be relatively moderate.

EXPRESSO: Can one conclude from this that if the present government and finance minister continue in office there will be no fuel price increases in Portugal as long as the price of oil does not increase?

Cavaco e Silva: If there are no oil price increases, I foresee no significant changes in fuel prices in Portugal.

We do have a distorted prices structure for fuels, which must continue to be corrected, but gradually and not suddenly, as some people advocate. Our agriculture and industry cannot adapt overnight to the increased price of fuel oil.

EXPRESSO: So what will be the final cost in subsidies of the "shopping basket" this year?

Cavaco e Silva: Less than the figure mentioned at one stage. Up to 31 July the products included in the basket involved payments of 9.2 million contos, about 70 percent of the envisaged expenditure. It will fall below the budgeted figure. Perhaps under 20 million contos.

EXPRESSO: This is linked with the policy pursued in the field of imports of essential commodities.

Cavaco e Silva: The monetary policy has affected import prices and benefited the concerns purchasing these commodities, reducing the need for subsidies.

EXPRESSO: Returning to my first question, I believe that the time has come for you to give us your forecasts for 1980 and objectives for 1981.

Cavaco e Silva: This year GDP will increase by over 4 percent. As for investment, I stand by a growth rate of 6 percent. Public consumption could increase 1 percent, but even if it reaches 1.5 or 2 percent, it is still a very good result, in view of the 6-7 percent increases of recent years. Private consumption should increase 1.5-2 percent and exports in the first few months of this year increased 15 percent in volume, giving us a lower figure for the whole year or 10-11 percent. Imports will increase 5-7 percent and inflation (the retail prices index) is unlikely to exceed 17-18 percent. The balance of current accounts should show a deficit below '800 million if present policies are continued until the end of the year; the overall balance (including capital transfers) has been budgeted for to show a \$200 million but could end in equilibrium or in the black.

EXPRESSO: This vindicates the people who maintain that it would have been possible to pursue a more expansionist policy, particularly with regard to credit....

Cavaco e Silva: The people who say that also say that within the short space of 8 months investment could not rise from a growth rate of minus 2 percent to 6 percent. Therefore they are implicitly acknowledging that a softer credit policy would have the sole result of speculative stockpiling and not investment. If they believe it is unfeasible to improve investments from minus 2 to 6 percent, how can they ask the government to improve investments from minus 2 to 10 percent? So what would be the purpose of a more expansionist credit policy? I have not yet told you what objectives I would set for 1981.

EXPRESSO: Well, no you have not.

Cavaco e Silva: I will answer you purely as an economist. The basic objective must be investment. Portugal must continue more determinedly to modify its production structure in preparation for its EEC membership. At the same time the results achieved in controlling inflation must be consolidated. With regard to investment, the aim could be a 10-percent growth rate and for inflation 16 percent. GDP could increase 5.5 percent; public consumption should not increase more than 1-2 percent and private consumption could increase 2-3 percent.

The conditions exist for our exports to grow at a higher rate than in other countries: I have in mind a figure of about 8 percent. Imports could increase by 5 percent. The deficit in the current account balance could reach \$1 billion.

EXPRESSO: What are your forecasts for the results of implementing the 1980 budget, and what results would be compatible with the objectives you have just outlined for 1981?

Cavaco e Silva: Here is another big surprise for the government's opponents. Unlike previous years, this year we have controlled public consumption, and the deficit will be below what was forecast. We were accused of being unrealistic in our forecast revenue from some forms of taxation. At present all indications are that tax receipts will exceed our forecasts.

The overall deficit included in the budget was 141 million contos; the present forecast is 125 million, and within this total I can add that the current deficit should be about 41 million as against the forecast 53 million contos. These results will be due to excellent revenue totals. It has been the year of recovery. The fact that it has been carried out in an atmosphere of obedience to the tax laws will continue to have beneficial effects in the years ahead. Tax receipts are rising almost 50 percent, but we must not believe that a similar trend will continue next year. I believe that in real terms the 1981 budget deficit will be no greater than in 1980.

EXPRESSO: To complete this long conversation I would like you to talk about the Portuguese economy's medium-term development prospects and about any work the government may have done in this field.

Cavaco e Silva: We are completing a "contribution" to the major medium-term options and the so-called public sector investments plan for 1981-84, since it will be up to the next government to submit it to the assembly.

The strategy that I advocate is based on a large increase in investment, on the creation of a strong export sector, on a careful analysis of the possibilities of substituting imports, on imparting a major thrust to the agricultural sector and on increased productivity.

I believe it will be possible in the period 1981-84 to achieve an average annual GDP growth rate of 5 percent.

The consolidation of the results achieved in the field of controlling inflation is fundamental: Studies indicate an average growth rate for prices of 13-14 percent. Parallel to developing the production structure, we must impart a determined thrust to improving social infrastructures.

EXPRESSO: What about the distribution of earnings: How will that evolve?

Cavaco e Silva: The objective must be an improvement in real incomes throughout the period perhaps even higher than the growth in productivity, with an increased role for salaries in the national income.

EXPRESSO: What about employment?

Cavaco e Silva: Through 1984 the annual growth rate in employment could be 1.5-2 percent.

CSO: 3101

OZCAN THREATENS RESIGNATIONS IF RPP-NSP COOPERATE

Istanbul TERCUMAN in Turkish 27 Aug 80 pp 1, 12

[Text] Salih Ozcan, a National Salvation Party parliamentarian from Urfa, has announced that he is against a coalition between his party and the Republican Peoples Party. He stated the following:

"A move towards the union of my party with the [Republicans] Peoples Party will result in my resignation as well as the resignations of eight to ten others."

In his statement, Ozcan announced that he was not taking part in parliamentary meetings in view of his groups failure to resume discussions concerning early elections. Ozcan stated that he would participate in the discussions to determine whether or not a motion of censure in the case of Foreign Minister Hayrettin Erkmen should be added to the agenda.

Salih Ozcan stated that joint attempts by himself, Muhyettin Mutlu and Yasar Gocmen vis-a-vis their group leaders in Parliament had resulted in statements that a continuation of their activities supporting a discussion of early elections would result in the referral of their names to a disciplinary board within the group. Ozcan said that he, Muhyettin Mutlu and Yasar Gocmen were currently facing that board and that Abdulkadir Kaya had resigned from the party. Ozcan said: "I am hopeful that the disciplinary board will not decide against us."

Ozcan also said:

"We do not consider resigning from the National Salvation Party. We are from the National Salvation Party and we shall continue to be from the National Salvation Party. However, I will resign in the event of any move towards cooperation with the [Republican] Peoples Party. The resignations would not be limited to mine as eight to ten more individuals would also resign."

9491

CSO: 4907

RPP DECRIES GOVERNMENT INFORMATION LEAKS

Istanbul MILLIYET in Turkish 28 Aug 80 p 7

[Text] During its meeting yesterday, the General Steering Committee of the RPP addressed the smuggling incident in which Erbakan has become implicated. In a declaration it was announced that:

"While the investigation stands at a stage necessitating secrecy, the leaking of such matters to public opinion constitutes a dangerous act that is nevertheless becoming common practice."

During the meeting of the General Steering Committee, information was obtained from the former ministers of Justice, the Interior and Foreign Affairs. A declaration by the Republican People's Party has stated the following:

"Details and secret official documents pertaining to ongoing investigations and legal proceedings are being illegally supplied to newsmen in instances where political exploitation can be derived from such disclosure. Immediately after this the government makes attributions and clarifications that concern such news items and claims within the press. In this manner, information that is illegally leaked to the public by individuals in official positions, is being made the topic of political polemics."

"In this manner, an attempt is made during ongoing investigations or legal proceedings to incriminate certain individuals in the eyes of public opinion and to exert pressure on independent organs of the judiciary."

"Following the appearance in newspapers of news pertaining to the involvement of certain NSP politicians in a drug smuggling incident in Germany, a declaration had been made by the Prime Ministry of the RPP government then in office. The text of this declaration issued in 1979 is attached."

"Later, the German Government's official request that legal proceedings be initiated by Turkish authorities against the individuals concerned was forwarded by the RPP government to the Office of the Prosecutor of the Republic and an investigation was begun."

"Yesterday, while this investigation still remained at a stage necessitating secrecy, several documents including "secret" and "eyes only" correspondence between ministries were leaked to a reporter and cast into public debate. In recent times such illegal acts have become common practice."

A statement issued by the Prime Ministry on 24 March 1974 was attached to the declaration issued by the General Steering Committee of the RPP. It read as follows:

The following declaration is being made as the result of news items in certain newspapers stating that certain politicians have been involved in an incident of drug smuggling in the Federal Republic of Germany:

"Our government considers the matter to be sensitive. It remains certain that officials of the Federal Republic of Germany will conduct the necessary investigation and legal proceedings as specified by legal guidelines. Turkish officials will process requests concerning this matter as long as these requests are in conformity with legal guidelines, treaties pertaining to reciprocity and the laws of the Turkish Government. However, such requests must be made formally and in writing."

We have not yet received any requests from officials of the Federal Republic of Germany following this note. Our government is closely following this matter and a special representative from the Ministry of the Interior has been sent to Germany to study the incident. Work concerning this matter is currently in progress.

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CSO: 4907

TURKEY

BRIEFS

ANKARA DEPUTY MAYOR RESIGNS—Korel Goymen, who served for a long time as Deputy Mayor for the Ankara Municipality, resigned yesterday. Goymen submitted his written resignation to Ankara Mayor Suleyman Onder, who accepted it. The reason for Goymen's resignation was not given in a statement issued by the Ankara Municipal Press and Publications Office. It was reported that Goymen, who was Deputy Mayor in charge of the Planning Unit, is returning to his faculty post at the Middle East Technical University. [Text] [Istanbul HURRIYET in Turkish 30 Sep 80 p 1]

CSO: 4907

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28 Oct '80
